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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY: _____

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24 UNITED STATES OF AMERICA

25 UNITED STATES DISTRICT COURT

26 FOR THE CENTRAL DISTRICT OF CALIFORNIA

27 UNITED STATES OF AMERICA,

28) No. CR

13- 0344

29 Plaintiff,

30)

31) PLEA AGREEMENT FOR DEFENDANT32) ALEXEI IAZLOVSKY

33 v.

34)

35 ALEXEI IAZLOVSKY,

36)

37 Defendant.

38)

39)

1. This constitutes the plea agreement between ALEXEI IAZLOVSKY ("defendant") and the United States Attorney's Office for the Central District of California and the U.S. Department of

Def. Initials

AT

1 Justice, Tax Division (collectively the "USAO") in the above-
2 captioned case. This agreement is limited to the USAO and cannot
3 bind any other federal, state or local prosecuting,
4 administrative or regulatory authorities and is subject to the
5 approval of the Department of Justice, Tax Division.
6

7 DEFENDANT'S OBLIGATIONS

8 2. Defendant agrees to:

9 a) Give up the right to indictment by a grand jury,
10 waive venue, and at the earliest opportunity requested by the
11 USAO and provided by the Court, to appear and plead guilty to a
12 one count Information charging a violation of 26 U.S.C. Section
13 7206(1) for tax year 2008 in the form attached to this agreement
14 or a substantially similar form.
15

16 b) Not to contest facts agreed to in this agreement.

17 c) Abide by all agreements regarding sentencing factors
18 contained in this agreement.

19 d) Appear for all court appearances, surrender as
20 ordered for service of sentence, obey all conditions of any bond,
21 and obey any other ongoing court order in this matter.
22

23 e) Not commit any crime; however, offenses which would
24 be excluded for sentencing purposes under U.S.S.G. § 4A1.2(c) are
25 not within the scope of this agreement.

26 f) Be truthful at all times with Pretrial Services, the
27 U.S. Probation Office, and the Court.
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1 g) Pay the applicable special assessment at or before
2 the time of sentencing unless defendant lacks the ability to pay
3 and submits a completed financial statement (form OBD-5000) to
4 the USAO prior to sentencing.

5 3. Defendant further agrees to cooperate fully with the
6 USAO, the Internal Revenue Service, and, as directed by the USAO,
7 any other federal, state, local, or foreign prosecuting,
8 enforcement, administrative, or regulatory authority. This
9 cooperation requires defendant to:
10

11 a) Respond truthfully and completely to all questions
12 that may be put to defendant, whether in interviews, before a
13 grand jury, or at any trial or other court proceeding.

14 b) Attend all meetings, grand jury sessions, trials or
15 other proceedings at which defendant's presence is requested by
16 the USAO or compelled by subpoena or court order.

17 c) Produce voluntarily all documents, records, or other
18 tangible evidence relating to matters about which the USAO, or
19 its designee, inquires.
20

21 4. For purposes of this agreement: (1) "Cooperation
22 Information" shall mean any statements made, or documents,
23 records, tangible evidence, or other information provided, by
24 defendant pursuant to defendant's cooperation under this
25 agreement; and (2) "Plea Information" shall mean any statements
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1 made by defendant, under oath, at the guilty plea hearing and the
2 agreed to factual basis statement in this agreement.

3
4 DEFENDANT'S OTHER OBLIGATIONS

5 5. Defendant also agrees:

6
7 a) To cooperate with the IRS in the civil examination,
8 determination, assessment and collection of income taxes related
9 to defendant's 2004 through 2010 income tax returns and any
10 related corporate/entity tax returns, and further agrees not to
11 conceal, transfer, or dissipate funds or property that could be
12 used to satisfy such taxes, penalties and interest.

13 b) To repatriate any funds or assets held in any
14 foreign country or outside the United States.

15 c) To sign Closing Agreements with the IRS prior to the
16 time of sentencing for the years 2004 through 2010, correctly
17 reporting income and deductions for these years. Further, if
18 requested to do so by the IRS, provide the IRS with information
19 regarding the years covered by the Closing Agreements, and will
20 make his best efforts to promptly pay all additional taxes,
21 penalties and interest assessed by the IRS as well as any
22 additional amounts determined by the IRS to be owing.

23 d) To give up any and all objections that could be
24 asserted to the Examination Division of the IRS receiving
25 materials or information obtained during the criminal
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1 investigation of this matter, including materials and information
2 obtained through grand jury subpoenas.

3 e) That nothing in this agreement shall preclude or bar
4 the IRS from the assessment and/or collection of any additional
5 tax liability, including interest and penalties, determined to be
6 due and owing from defendant by the IRS for 2004, 2005, 2006,
7 2007, 2008, 2009, and 2010.

9 f) That, in order to resolve defendant's civil
10 liability for failing to file Reports of Foreign Bank and
11 Financial Accounts, Forms TD F 90-22.1, and other foreign
12 information reporting obligations under the United States law,
13 for tax years 2004 through 2010, defendant will pay a fifty
14 percent penalty with respect to the funds held in an undeclared
15 offshore account for the one year with the highest balance in the
16 account for calendar years 2004 through 2010, and agrees to pay
17 this sum of money prior to sentencing to the United States
18 Treasury, through the U.S. Department of Justice, Tax Division.

20 THE USAO'S OBLIGATIONS

21 6. If defendant complies fully with all defendant's
22 obligations under this agreement, the USAO agrees to:

- 23 a) Not contest facts agreed to in this agreement.
24 b) Abide by all agreements regarding sentencing factors
25 contained in this agreement.
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1 c) At the time of sentencing, provided that defendant
2 demonstrates an acceptance of responsibility for the offense up
3 to and including the time of sentencing, to recommend a two-level
4 reduction in the applicable sentencing guideline offense level,
5 pursuant to U.S.S.G. § 3E1.1, and an additional one-level
6 reduction if available under that section.
7

8 d) Not to further criminally prosecute defendant for
9 any additional violations known to the USAO at the time of the
10 plea, arising out of the information provided by the defendant,
11 and defendant's conduct (i) described in the Information or (ii)
12 described in the statement of facts provided in Attachment A.
13 The USAO further agrees not to prosecute defendant's wife for any
14 violations known to the USAO at the time of the plea arising out
15 of the information provided by the defendant, and for any conduct
16 described in the information or the statement of facts provided
17 in Attachment A. Defendant understands that the USAO is free to
18 prosecute defendant or his wife for any other unlawful past
19 conduct or any unlawful conduct that occurs after the date of
20 this agreement. Defendant understands that at the time of
21 sentencing the Court, may consider any relevant conduct related
22 to the crime(s) set forth herein in determining the applicable
23 Sentencing Guidelines range, the propriety and extent of any
24 departure from that range, and the sentence to be imposed after
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1 consideration of the Sentencing Guidelines and all other relevant
2 factors under 18 U.S.C. § 3553(a).

3 7. The USAO further agrees:

4 a) Not to offer as evidence in its case-in-chief in the
5 above-captioned case or any other prosecution that may be brought
6 against defendant by the USAO, or in connection with any
7 sentencing proceeding in any case that may be brought against
8 defendant by the USAO, any Cooperation Information. Defendant
9 agrees, however, that the USAO may use both Cooperation
10 Information and Plea Information: (1) to obtain and pursue leads
11 to other evidence, which evidence may be used for any purpose,
12 including any prosecution of defendant, (2) to cross-examine
13 defendant should defendant testify, or to rebut any evidence,
14 argument or representations made by defendant or a witness called
15 by defendant in any trial, sentencing hearing, or other court
16 proceeding, and (3) in any criminal prosecution of defendant for
17 false statement, obstruction of justice, or perjury.

18 b) Notwithstanding Paragraph 7(a), the USAO agrees not
19 to use the information disclosed in Paragraphs 19-23 of the
20 Statement of Facts against defendant at sentencing for the
21 purpose of determining the applicable guideline range including
22 the appropriateness of an upward departure, or the sentence to be
23 imposed, and to recommend to the Court that the information
24 disclosed in Paragraphs 19-23 not be used in determining the
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1 applicable guideline range or the sentence to be imposed. The
2 parties agree that the information contained in Paragraphs 19-23
3 constitutes information subject to U.S.S.G. § 1B1.8(a).

4 Defendant understands, however, that Paragraphs 19-23 will be
5 disclosed to the probation office and the Court, and that the
6 Court may use this information for the purposes set forth in
7 U.S.S.G. § 1B1.8(b).

8
9 c) In connection with defendant's sentencing, to bring
10 to the Court's attention the nature and extent of defendant's
11 cooperation.

12 d) If the USAO determines, in its exclusive judgment,
13 that defendant has both complied with defendant's obligations
14 under this agreement and provided substantial assistance to law
15 enforcement in the prosecution or investigation of another
16 ("substantial assistance"), to move the Court pursuant to
17 U.S.S.G. § 5K1.1 to fix an offense level and corresponding
18 guideline range below that otherwise dictated by the sentencing
19 guidelines, and to recommend a sentence within this reduced
20 range. Defendant understands that he cannot withdraw his plea of
21 guilty if the USAO does not file a motion for a downward
22 departure. Defendant further understands that the USAO has not
23 made a determination as of this date whether the facts of this
24 case presents circumstances deserving of a downward departure.
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DEFENDANT'S UNDERSTANDINGS REGARDING SUBSTANTIAL ASSISTANCE

8. Defendant understands the following:

a) Any knowingly false or misleading statement by defendant will subject defendant to prosecution for false statement, obstruction of justice, and perjury and will constitute a breach by defendant of this agreement.

b) Nothing in this agreement requires the USAO or any other prosecuting or law enforcement agency to accept any cooperation or assistance that defendant may offer, or to use it in any particular way.

c) Defendant cannot withdraw defendant's guilty plea if the USAO does not make a motion pursuant to U.S.S.G. § 5K1.1 for a reduced guideline range or if the USAO makes such a motion and the Court does not grant it or if the Court grants such a USAO motion but elects to sentence above the reduced range.

d) At this time the USAO makes no agreement or representation as to whether any cooperation that defendant has provided or intends to provide constitutes substantial assistance. The decision whether defendant has provided substantial assistance will rest solely within the exclusive judgment of the USAO.

e) The USAO's determination of whether defendant has provided substantial assistance will not depend in any way on whether the government prevails at any trial or court hearing in

AA

1 which defendant testifies or in which the government otherwise
2 presents information resulting from defendant's cooperation.

3 NATURE OF THE OFFENSE

4 9. Defendant understands that for defendant to be guilty
5 of the crime charged in Count One, (a violation of Title 26,
6 United States Code, Section 7206 (1)) the following must be true:

- 7
- 8 a. The defendant made and signed a U.S. Individual Income
9 Tax Return for the year 2008 that he knew contained
10 false information as to a material matter;
 - 11 b. The return contained a written declaration that it was
12 made under the penalties of perjury; and
 - 13 c. The defendant acted willfully in filing the false
14 return.
15

16 Defendant admits that defendant is, in fact, guilty of
17 this offense as described in Count One of the Information.

18 PENALTIES

19 10. Defendant understands that the statutory maximum
20 sentence that the Court can impose for a violation of Title 26,
21 United States Code, Section 7206(1) is: three years imprisonment;
22 a one year period of supervised release; a fine of \$250,000 or
23 twice the amount of gross gain or gross loss resulting from the
24 offense, whichever is greater; and a mandatory special assessment
25 of \$100. Defendant agrees to pay the special assessment at or
26 before the time of sentencing.
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1 11. Defendant understands and agrees that the Court: (a)
2 may order defendant to pay any additional fines that defendant
3 owes to the United States; and (b) must order defendant to pay
4 the costs of prosecution, which may be in addition to the
5 statutory maximum fine stated above.
6

7 12. The parties further agree that the tax loss determined
8 for criminal purposes is not binding for civil purposes and is
9 exclusive of civil penalties and interest.

10 13. Defendant understands that supervised release is a
11 period of time following imprisonment during which defendant will
12 be subject to various restrictions and requirements. Defendant
13 understands that if defendant violates one or more of the
14 conditions of any supervised release imposed, defendant may be
15 returned to prison for all or part of the term of supervised
16 release, which could result in defendant serving a total term of
17 imprisonment greater than the statutory maximum stated above.
18

19 14. Defendant also understands that, by pleading guilty,
20 defendant may be giving up valuable government benefits and
21 valuable civic rights, such as the right to vote, the right to
22 possess a firearm, the right to hold office, and the right to
23 serve on a jury. Defendant further understands that the
24 conviction in this case may subject defendant to various
25 collateral consequences, including but not limited to,
26 deportation, revocation of probation, parole, or supervised
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1 release in another case, and suspension or revocation of a
2 professional license. Defendant understands that unanticipated
3 collateral consequences will not serve as grounds to withdraw
4 defendant's guilty plea.

5
6 15. Defendant understands that, if defendant is not a
7 United States citizen, the felony conviction in this case may
8 subject defendant to removal, also known as deportation, which
9 may, under some circumstances, be mandatory. The Court cannot
10 and defendant's attorney also may not be able to, advise
11 defendant fully regarding the immigration consequences of the
12 felony conviction in this case. Defendant understands that by
13 entering a guilty plea defendant waives any claim that unexpected
14 immigration consequences may render defendant's guilty plea
15 invalid.
16

17 FACTUAL BASIS

18 16. Defendant and the USAO agree and stipulate to the
19 statement of facts provided in Attachment A which is attached
20 hereto and incorporated by reference herein. The statement of
21 facts includes facts sufficient to support a plea of guilty to
22 the charge described in this plea agreement. It is not meant to
23 be a complete recitation of all facts relevant to the underlying
24 criminal conduct or all facts known to defendant that relate to
25 that conduct. The parties stipulate that the conduct of
26 defendant referred to in Attachment A hereto violated 26 U.S.C.
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1 § 7206(1) as charged in Count One of the Information.

2 SENTENCING FACTORS

3 17. Defendant understands in determining defendant's
4 sentence the Court is required to consider the factors set forth
5 in 18 U.S.C. § 3553(a)(1)-(7), including the kinds of sentence
6 and sentencing range established under the United States
7 Sentencing Guidelines ("U.S.S.G." or "Sentencing Guidelines").
8 Defendant understands that the Sentencing Guidelines are only
9 advisory, that defendant cannot have any expectation of receiving
10 a sentence within the Sentencing Guideline range, and that after
11 considering the Sentencing Guidelines and the other Section
12 3553(a) factors, the Court will be free to exercise its
13 discretion to impose any sentence it finds appropriate up to the
14 maximum set by statute for the crime of conviction.
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16
17 18. Defendant and the USAO agree and stipulate to the
18 following applicable sentencing guideline factors under the
19 November 2011 Guideline Sentencing Manual and the Supreme Court
20 holding in United States v. Booker:

- 21 a) Tax Loss: The relevant actual, probable, or
22 intended tax loss under Section 2T1.1 of the
23 Sentencing Guidelines resulting from the offense
24 committed in this case and all relevant conduct is
25 the tax loss associated with defendant's false tax
26 returns and his undeclared account at Bank A. The
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1 parties agree that the tax loss is more than
2 \$400,000, but less than \$1,000,000 (exclusive of
3 interest and penalties) for an Offense Level of
4 20. See U.S.S.G. §§ 2T1.1 and 2T4.1(H).

5 b) Sophisticated Means: The offense involved
6 sophisticated means, which results in a two-level
7 offense increase. See U.S.S.G. § 2T1.1(b)(2).
8

9 Subject to the provisions of paragraph 7, defendant and the
10 USAO agree not to seek, argue, or suggest in any way, either
11 orally or in writing, that any other specific offense
12 characteristics, adjustments, or departures relating to the
13 applicable Offense Level be imposed. The USAO will agree to a
14 downward adjustment for acceptance of responsibility (and, if
15 applicable, move for an additional level under 3E1.1(b)) only if
16 the conditions set forth in this agreement are met. Defendant
17 agrees, however, that if, after signing this agreement but prior
18 to sentencing, defendant were to commit an act, or the USAO were
19 to discover a previously undiscovered act committed by defendant
20 prior to signing this agreement, which act, in the judgment of
21 the USAO, constituted obstruction of justice withing the meaning
22 of U.S.S.G. § 3C1.1, the USAO would be free to seek the
23 enhancement set forth in that section. Additionally, each party
24 reserves the right to argue, and to dispute the arguments of the
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1 other, regarding the applicability of 18 U.S.C. Section 3553(a)
2 and other departure factors.

3 19. Defendant understands that there is no agreement as to
4 defendant's criminal history or criminal history category.

5 20. The stipulations in this agreement do not bind either
6 the United States Probation Office or the Court. The Court will
7 determine the facts and calculations relevant to sentencing.

8 Both defendant and the USAO are free to: (a) supplement the facts
9 stipulated to in this agreement by supplying relevant information
10 to the United States Probation Office and the Court, (b) correct
11 any and all factual misstatements relating to the calculation of
12 the sentence, and (c) argue on appeal and collateral review that
13 the Court's sentencing calculations are not error, although each
14 party agrees to maintain its view that the calculations in
15 paragraph 18 are consistent with the facts of this case.

16 21. Defendant understands that if the Court finds facts or
17 reaches conclusions different from those in any stipulation
18 contained in this agreement, defendant cannot, for that reason
19 alone, withdraw defendant's guilty plea.

20 WAIVER OF CONSTITUTIONAL RIGHTS

21 22. By pleading guilty, defendant gives up the following
22 rights:

- 23 a) The right to persist in a plea of not guilty.
24 b) The right to a speedy and public trial by jury.

1 c) The right to the assistance of counsel at trial,
2 including, if defendant could not afford an attorney, the right
3 to have the Court appoint one for defendant. In this regard,
4 defendant understands that, despite his plea of guilty, he
5 retains the right to be represented by counsel at every other
6 stage of the proceedings.
7

8 d) The right to be presumed innocent and to have the
9 burden of proof placed on the government to prove defendant
10 guilty beyond a reasonable doubt.

11 e) The right to confront and cross-examine witnesses
12 against defendant.
13

14 f) The right, if defendant wished, to testify on
15 defendant's own behalf and present evidence in opposition to the
16 charges, including the right to call witnesses and to subpoena
17 those witnesses to testify.

18 g) The right not to be compelled to testify, and, if
19 defendant chose not to testify or present evidence, to have that
20 choice not be used against defendant.

21 h) Any and all rights to pursue any affirmative
22 defenses, Fourth Amendment or Fifth Amendment claims, and other
23 pretrial motions that have been filed or could be filed.
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WAIVER OF APPEAL OF CONVICTION

23. Defendant understands that, with the exception of an appeal based on a claim that defendant's guilty plea was involuntary, by pleading guilty defendant is waiving and giving up any right to appeal defendant's conviction on the offense to which defendant is pleading guilty.

LIMITED MUTUAL WAIVER OF APPEAL AND COLLATERAL ATTACK

24. Defendant agrees that, provided the Court imposes a term of imprisonment within or below the range corresponding to a total offense level of 22 and the criminal history category calculated by the Court, defendant gives up the right to appeal all of the following: (a) the procedures and calculations used to determine and impose any portion of the sentence; (b) the term of imprisonment imposed by the Court; (c) the fine imposed by the court, provided it is within the statutory maximum; (d) the term of probation or supervised release imposed by the Court, provided it is within the statutory maximum; and (e) any of the following conditions of probation or supervised release imposed by the Court: the standard conditions set forth in General Orders 318, 01-05, and/or 05-02 of this Court; the drug testing conditions mandated by 18 U.S.C. §§ 3563(a)(5) and 3583(d); and the alcohol and drug use conditions authorized by 18 U.S.C. § 3563(b)(7).

25. The USAO agrees that, provided (a) all portions of the sentence are at or below the statutory maximum specified above,

1 (b) the Court calculates the offense level to be used for
2 selecting a sentencing range under the Sentencing Guidelines to
3 be 22 or above prior to any departure under U.S.S.G. § 5K1.1, and
4 (c) the Court imposes a term of imprisonment within or above the
5 range corresponding to the offense level calculated after any
6 downward departure under U.S.S.G. § 5K1.1 and the criminal
7 history category calculated by the Court, the USAO gives up its
8 right to appeal any portion of the sentence.
9

10 RESULT OF WITHDRAWAL OF GUILTY PLEA

11 26. Defendant agrees that if, after entering a guilty plea
12 pursuant to this agreement, defendant seeks to withdraw and
13 succeeds in withdrawing defendant's guilty plea on any basis
14 other than a claim and finding that entry into this plea
15 agreement was involuntary, then (a) the USAO will be relieved of
16 all of its obligations under this agreement; and (b) should the
17 USAO choose to pursue any charge or any civil, administrative, or
18 regulatory action that was either dismissed or not filed as a
19 result of this agreement, then (i) any applicable statute of
20 limitations will be tolled between the date of defendant's
21 signing of this agreement and the filing commencing any such
22 action; and (ii) defendant waives and gives up all defenses based
23 on the statute of limitations, any claim of pre-indictment delay,
24 or any speedy trial claim with respect to any such action, except
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1 to the extent that such defenses existed as of the date of
2 defendant's signing this agreement.

3 RESULT OF VACATUR, REVERSAL OR SET-ASIDE

4 27. Defendant agrees that if the count of conviction is
5 vacated, reversed, or set aside, both the USAO and defendant will
6 be released from all their obligations under this agreement.
7

8 EFFECTIVE DATE OF AGREEMENT

9 28. This agreement is effective upon signature and
10 execution by defendant, defendant's counsel, and an Assistant
11 United States Attorney.

12 BREACH OF AGREEMENT

13 29. Defendant agrees that if defendant, at any time after
14 the signature of this agreement and execution of all required
15 certifications by defendant, defendant's counsel, and an
16 Assistant United States Attorney, knowingly violates or fails to
17 perform any of defendant's obligations under this agreement ("a
18 breach"), the USAO may declare this agreement breached. For
19 example, if defendant knowingly, in an interview, before a grand
20 jury, or at trial, falsely accuses another person of criminal
21 conduct or falsely minimizes defendant's own role, or the role of
22 another, in criminal conduct, defendant will have breached this
23 agreement. All of defendant's obligations are material, a single
24 breach of this agreement is sufficient for the USAO to declare a
25 breach, and defendant shall not be deemed to have cured a breach
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1 without the express agreement of the USAO in writing. If the
2 USAO declares this agreement breached, and the Court finds such a
3 breach to have occurred, then:

4 (a) If defendant has previously entered a guilty plea
5 pursuant to this agreement, defendant will not be able to
6 withdraw the guilty plea.
7

8 (b) The USAO will be relieved of all its obligations
9 under this agreement; in particular, the USAO: (i) will no longer
10 be bound by any agreements concerning sentencing and will be free
11 to seek any sentence up to the statutory maximum for the crime to
12 which defendant has pleaded guilty; (ii) will no longer be bound
13 by any agreements regarding criminal prosecution, and will be
14 free to criminally prosecute defendant for any crime, including
15 charges that the USAO would otherwise have been obligated not to
16 criminally prosecute pursuant to this agreement; and (iii) will
17 no longer be bound by any agreement regarding the use of
18 Cooperation Information and will be free to use any Cooperation
19 Information in any way in any investigation, criminal
20 prosecution, or civil, administrative, or regulatory action.
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22 c) The USAO will be free to criminally prosecute
23 defendant for false statement, obstruction of justice, and
24 perjury based on any knowingly false or misleading statement by
25 defendant.
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1 d) In any investigation, criminal prosecution, or
2 civil, administrative, or regulatory action: (i) defendant will
3 not assert, and hereby waives and gives up, any claim that any
4 Cooperation Information was obtained in violation of the Fifth
5 Amendment privilege against compelled self-incrimination; and
6 (ii) defendant agrees that any Cooperation Information and any
7 Plea Information, as well as any evidence derived from any
8 Cooperation Information or any Plea Information, shall be
9 admissible against defendant, and defendant will not assert, and
10 hereby waives and gives up, any claim under the United States
11 Constitution, any statute, Rule 410 of the Federal Rules of
12 Evidence, Rule 11(f) of the Federal Rules of Criminal Procedure,
13 or any other federal rule, that any Cooperation Information, any
14 Plea Information, or any evidence derived from any Cooperation
15 Information or any Plea Information should be suppressed or is
16 inadmissible.
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19 30. Following the Court's finding of a knowing breach of
20 this agreement by defendant, should the USAO choose to pursue any
21 charge or any civil, administrative, or regulatory action that
22 was either dismissed or not filed as a result of this agreement,
23 then:
24

25 a) Defendant agrees that any applicable statute of
26 limitations is tolled between the date of defendant's signing of
27 this agreement and the filing commencing any such action.
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1 b) Defendant waives and gives up all defenses based on
2 the statute of limitations, any claim of pre-indictment delay, or
3 any speedy trial claim with respect to any such action, except to
4 the extent that such defenses existed as of the date of
5 defendant's signing this agreement.
6

7 COURT AND PROBATION OFFICE NOT PARTIES

8 31. Defendant understands that the Court and the United
9 States Probation Office are not parties to this agreement and
10 need not accept any of the USAO's sentencing recommendations or
11 the parties' agreements to facts or sentencing factors.
12

13 32. Defendant understands that both defendant and the USAO
14 are free to: (a) supplement the facts by supplying relevant
15 information to the United States Probation Office and the Court,
16 (b) correct any and all factual misstatements relating to the
17 Court's Sentencing Guidelines calculations, and (c) argue on
18 appeal and collateral review that the Court's Sentencing
19 Guidelines calculations are not in error, although each party
20 agrees to maintain its views that the calculations in paragraph
21 18 are consistent with the facts of this case. While this
22 paragraph permits both the USAO and defendant to submit full and
23 complete factual information to the United States Probation
24 Office and the Court, even if that factual information may be
25 viewed as inconsistent with the facts agreed to in this
26 agreement, this paragraph does not affect defendant's and the
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1 USAO's obligations not to contest the facts agreed to in this
2 agreement.

3 33. Defendant understands that even if the Court ignores
4 any sentencing recommendation, finds facts or reaches conclusions
5 different from those agreed to, and/or imposes any sentence up to
6 the maximum established by statute, defendant cannot, for that
7 reason, withdraw defendant's guilty plea, and defendant will
8 remain bound to fulfill all defendant's obligations under this
9 agreement. Defendant understands that no one - not the
10 prosecutor, defendant's attorney, or the Court - can make a
11 binding prediction or promise regarding the sentence defendant
12 will receive, except that it will be within the statutory
13 maximum.
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16 NO ADDITIONAL AGREEMENTS

17 34. Defendant understands that, except as set forth herein,
18 there are no promises, understandings, or agreements between the
19 USAO and defendant or defendant's attorney, and that no
20 additional promise, understanding, or agreement may be entered
21 into unless in a writing signed by all parties or on the record
22 in court.
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25 PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

26 35. The parties agree that this agreement will be
27 considered part of the record of defendant's guilty plea hearing
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1 as if the entire agreement had been read into the record of the
2 proceeding.

3 AGREED AND ACCEPTED

4 UNITED STATES ATTORNEY'S OFFICE
5 FOR THE CENTRAL DISTRICT OF CALIFORNIA

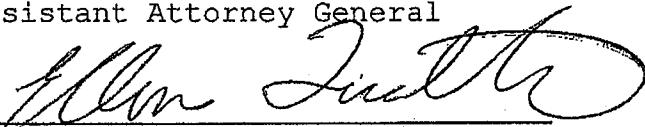
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7 ANDRÉ BIROTTE, JR.
8 United States Attorney

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10 SANDRA R. BROWN
11 Assistant United States Attorney
12 Chief, Tax Division

Date

13
14 UNITED STATES DEPARTMENT OF JUSTICE
15 TAX DIVISION

16 KATHRYN KENEALLY
17 Assistant Attorney General

18 
19 CHRISTOPHER S. STRAUSS
20 Trial Attorney
21 ELLEN M. QUATTRUCCI
22 Trial Attorney
23
24
25
26
27
28

Date

1/3/12

CERTIFICATION OF DEFENDANT

I have read this agreement in its entirety. I have had enough time to review and consider this agreement, and I have carefully and thoroughly discussed every part of it with my attorney. I understand the terms of this agreement, and I voluntarily agree to those terms. I have discussed the evidence with my attorney, and my attorney has advised me of my rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. No promises, inducements, or representations of any kind have been made to me other than those contained in this agreement. No one has threatened or forced me in any way to enter into this agreement. I am satisfied with the representation of my attorney in this matter, and I am pleading guilty because I am guilty of the charges and wish to take advantage of the promises set forth in this agreement, and not for any other reason.


ALEXEI IAZKOVSKY
Defendant

12/14/2012
Date

CERTIFICATION OF DEFENDANT'S ATTORNEY

I am Alexei Iazlovsky's attorney. I have carefully and thoroughly discussed every part of this agreement with my client. Further, I have fully advised my client of his rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. To my knowledge: no promises, inducements, or representations of any kind have been made to my client other than those contained in this agreement; no one has threatened or forced my client in any way to enter into this agreement; my client's decision to enter into this agreement is an informed and voluntary one; and the factual basis set forth in this agreement is sufficient to support my client's entry of a guilty plea pursuant to this agreement.

ROBERT KATZBERG
Counsel for Defendant
Alexei Iazlovsky

2/19/12
Date

ATTACHMENT A

STATEMENT OF FACTS

1. ALEXEI IAZLOVSKY ("IAZLOVSKY") was born in Russia and was a Russian citizen. IAZLOVSKY married his wife in 1997 and became a United States citizen in 2002. IAZLOVSKY owned a domestic corporation, A&Y Associates, Inc. ("A&Y Associates") that produced and sold documentaries, and other television programs, pursuant to contracts with Russian television stations.

2. IAZLOVSKY also owned and controlled two domestic entities: RTTV America, Inc. ("RTTV America") and RTTV Studios, LLC ("RTTV Studios").

3. IAZLOVSKY began using tax return preparer David Kalai in 1997 because he was the tax return preparer his wife had engaged to prepare her tax returns prior to their marriage. David Kalai's son, Nadav Kalai, began assisting in the preparation of IAZLOVSKY's tax returns and signed as the return preparer of IAZLOVSKY's 2001 tax return. David Kalai and Nadav Kalai owned and operated United Revenue Service, Inc. ("URS").

4. The first time Nadav Kalai mentioned an offshore account was in either 2000 or 2001 when IAZLOVSKY and Nadav Kalai were meeting to discuss the preparation of his tax return. Nadav Kalai advised IAZLOVSKY that if he didn't need money in the United States he should not bring the money to the United States.

5. Nadav Kalai told IAZLOVSKY that N.K., another URS employee, would set up an offshore company and the company would

1 open a bank account offshore. Nadav Kalai advised IAZLOVSKY that
2 the money he did not need to live on in the United States should
3 be sent to the offshore bank account. Nadav Kalai suggested that
4 the foreign corporation be named ITV Holdings.

5 6. ITV Holdings, Ltd. was incorporated in Belize. While
6 at the Bethesda, Maryland office of URS, IAZLOVSKY heard Nadav
7 Kalai instruct N.K. that N.K. needed to set up the foreign
8 corporation. IAZLOVSKY and his wife signed a Power of Attorney
9 that was provided by URS. IAZLOVSKY was to pay a fee of \$4,000 to
10 United Revenue Service for the incorporation services. IAZLOVSKY
11 had signatory authority over the foreign bank account.

12 7. Nadav Kalai further advised IAZLOVSKY that he did not
13 have to report this account to the Internal Revenue Service
14 ("IRS") because it was "off the books" and no one would know
15 about it. Nadav Kalai told IAZLOVSKY that his father, David
16 Kalai, had a good relationship with Bank A in Israel and that
17 they provided this service to other clients. IAZLOVSKY understood
18 that he was violating the tax laws by diverting funds earned by
19 A&Y Associates to Bank A in order to reduce his tax liability.

20 8. The foreign account was opened at the Luxembourg branch
21 of Bank A. Nadav Kalai told IAZLOVSKY that the bank account was
22 going to be opened in Luxembourg because the tax law was more
23 favorable and IAZLOVSKY could keep his account undeclared. Nadav
24 Kalai told IAZLOVSKY that as long as he kept his money in
25 Luxembourg, there was no tax to be paid.

1 9. IAZLOVSKY and his wife met with H.M. from Bank A at the
2 Hilton Hotel in New York City to open the account. H.M. told
3 IAZLOVSKY that he had a lot of clients to meet so the meeting
4 would be short. Nadav Kalai had previously instructed IAZLOVSKY
5 that he and his wife would need to bring their passports to the
6 meeting. Nadav Kalai had either provided IAZLOVSKY with H.M.'s
7 phone number to set up the meeting or had told IAZLOVSKY to meet
8 H.M. at the Hilton Hotel. IAZLOVSKY brought his Russian passport
9 and his wife brought her U.S. passport. IAZLOVSKY and his wife
10 signed the necessary paperwork to open the account at the hotel.
11 The paperwork had already been prepared prior to IAZLOVSKY's
12 arrival.

13 10. Nadav Kalai told IAZLOVSKY that he could wire payments
14 from his Russian clients to the new account at Bank A. Nadav
15 Kalai provided IAZLOVSKY with the name of a contact at Bank A to
16 arrange the wire transfers. IAZLOVSKY and Nadav Kalai would meet
17 each year regarding what IAZLOVSKY needed to live on in the
18 United States. Nadav Kalai would always instruct IAZLOVSKY to
19 leave money he did not need offshore. From the inception of the
20 account until it was closed by IAZLOVSKY in 2009, IAZLOVSKY
21 diverted a total of \$2.6 million in payments from his Russian
22 clients to his undeclared foreign bank account at Bank A in
23 Luxembourg. No income tax was paid on these diverted funds.

24 11. In late 2008 or early 2009, IAZLOVSKY had a
25 conversation with Nadav Kalai regarding UBS and the U.S.

1 government. Nadav Kalai told IAZLOVSKY that his account would
2 never be found out and there was nothing to worry about.
3 IAZLOVSKY told Nadav Kalai that he wanted to close the account
4 anyway. Nadav Kalai further advised IAZLOVSKY that closing the
5 account was not necessary because it was not a UBS account, but
6 he could close it if he wanted to.

7 12. In and around the time IAZLOVSKY closed the account at
8 Bank A, Nadav Kalai suggested a way to repatriate the money so
9 that "red flags" would not be raised with the IRS. Specifically,
10 Nadav Kalai suggested that IAZLOVSKY funnel the money in the
11 offshore account through a Russian client that paid for the
12 documentaries produced by A&Y Associates. In order to conceal
13 where the funds were coming from, IAZLOVSKY sent the money in the
14 Bank A account, through the Russian client's account, to RTTV
15 Studios. RTTV Studios had recently been formed with the
16 assistance of Nadav Kalai. Nadav Kalai suggested the money be
17 wired to this new corporation because it had no previous history
18 with the IRS, and therefore, the large wire of funds wouldn't
19 raise any red flags with the IRS.

20 13. In April 2009, IAZLOVSKY transferred \$2,230,060 from
21 his Bank A account to the Russian client that paid for
22 documentary services. At IAZLOVSKY's request, the Russian client
23 then wired the money from its own account to the RTTV Studios
24 account in the United States on May 5, 2009. The Russian client
25 included the \$2,230,060 in a \$2,830,000 wire transfer to RTTV

1 Studios account in the United States. The additional wired funds
2 consisted of payments for services by A&Y Associates. IAZLOVSKY
3 used \$1,873,000 of the money previously on deposit at Bank A to
4 purchase a house in the United States. No tax was paid on the
5 monies while they remained in the Bank A account. Bank A
6 informed IAZLOVSKY that it would retain approximately \$300,000 of
7 the funds IAZLOVSKY had on deposit as a reserve against losses.

8 14. During 2002 through 2009, IAZLOVSKY maintained a
9 balance of more than \$10,000 in his account at Bank A.

10 15. During 2002 through 2009, IAZLOVSKY had an ownership
11 interest in and signatory authority over the ITV Holdings, Ltd.
12 bank account at Bank A.

13 16. From 2002 through 2009, IAZLOVSKY filed false
14 individual and corporate tax returns that omitted the taxable
15 income diverted to and generated by his offshore bank account at
16 Bank A. Nadav Kalai prepared the false returns and knew the
17 returns were false. IAZLOVSKY knew it was illegal to file false
18 tax returns with the IRS. IAZLOVSKY acted willfully in filing
19 the false individual and corporate tax returns.

20 17. Specifically, with respect to IAZLOVSKY'S 2008
21 individual federal income tax return Form 1040, Line 17 of this
22 tax return is false because it omitted income from A&Y
23 Associates, an S Corporation for tax purposes, that was diverted
24 to IAZLOVSKY's foreign bank account. The tax return is also
25 false because (i) IAZLOVSKY failed to check the box "yes" in

1 response to Question 7a and disclose that he had signature
2 authority and an ownership interest in a foreign bank account;
3 and (ii) IAZLOVSKY failed to list Luxembourg as the country where
4 the foreign account was located in response to Question 7b.

5 18. IAZLOVSKY knew his 2008 individual tax return contained
6 the false information specified in Paragraph 17, but
7 electronically signed, under the penalties of perjury, and
8 authorized Nadav Kalai to electronically file the tax return.
9 IAZLOVSKY acted willfully in filing his false 2008 individual
10 federal income tax return.

11 19. In addition to the offshore scheme, Nadav Kalai
12 assisted IAZLOVSKY with creating at least two false deductions on
13 the RTTV America tax return.

14 20. On December 29, 2008, RTTV, America transferred
15 \$245,000 to Sedy Systems, LLC. On February 18, 2009, RTTV
16 America transferred another \$97,000 to Sedy Systems, LLC. Sedy
17 Systems, LLC is a company owned and/or controlled by Nadav Kalai
18 These two payments were made to create false booking entries that
19 would support false deductions on RTTV, America's tax return.
20 Sedy Systems provided no services or goods to RTTV America.
21 Nadav Kalai was supposed to then forward the \$342,000 to a
22 Russian client for the client to wire the money to RTTV Studios.
23 Nadav Kalai only wired \$200,000 (in two separate wires) to the
24 Russian client and kept the remaining \$142,000 for himself.

25 21. The second false deduction concerned tax year 2009. At

1 the end of 2009, Nadav Kalai informed IAZLOVSKY he would have to
2 pay tax on any money left in RTTV America's bank account at the
3 end of the tax year. Nadav Kalai told IAZLOVSKY that if he did
4 not want to pay tax on this amount, he could wire the monies to
5 one of Nadav Kalai's companies so that he didn't have to pay tax
6 on it. On December 15, 2009, IAZLOVSKY wired \$900,000 to Office
7 Furnishing, Inc., a corporation owned and/or controlled by Nadav
8 Kalai. Nadav Kalai was supposed to then wire the \$900,000 back
9 to RTTV America the following year. This scheme was devised to
10 create a paper trail to support a \$900,000 false deduction on
11 RTTV America's tax return.

12 22. IAZLOVSKY repeatedly asked Nadav Kalai to send the
13 money that had been sent to Nadav Kalai's entities back to
14 IAZLOVSKY's entities. IAZLOVSKY told Nadav Kalai that he needed
15 the money to pay vendors so he wanted the money back. Nadav
16 Kalai offered to pay the vendors directly and did wire
17 approximately \$300,000 in payments to vendors on behalf of
18 IAZLOVSKY. In total, Nadav Kalai retained approximately \$642,000
19 of the monies funneled through Nadav Kalai's entities for
20 himself. IAZLOVSKY did not report the theft to the police
21 because he knew his tax returns were false and did not want those
22 facts to come to light.

23 23. With respect to tax year 2010, Nadav Kalai devised a
24 plan to falsely characterize \$7.65 million in ordinary income
25 earned from the production and sale of documentaries and other

1 television programs as long term capital gain income. Nadav
2 Kalai provided IAZLOVSKY with a false stock purchase agreement
3 concerning A&Y Associates. The agreement purports to document a
4 sale of A&Y Associates to a third party. No sale of A&Y
5 Associates occurred. The document was created by Nadav Kalai to
6 support the false classification of ordinary income to capital
7 gains income. The 2010 individual tax return of IAZLOVSKY
8 falsely reports a \$7,000,000 long term capital gain from the sale
9 of A&Y Associates. IAZLOVSKY and Nadav Kalai agreed that Nadav

1 Kalai would receive of fee of \$90,000 for completing this
2 transaction.

4 *****

5 I have read this Attachment A to the Plea Agreement and
6 carefully discussed every part of this Attachment to the Plea
7 Agreement with my attorney. I agree and stipulate to the facts
8 as stated above.

11 ALEXEI IAZLOVSKY
12 Defendant

12/14/2012
Date

14 I am ALEXEI IAZLOVSKY's attorney. I have read Attachment A
15 to the Plea Agreement and carefully discussed every part of this
16 Attachment to the Plea Agreement with my client. To my
17 knowledge, my client's decision to agree to the facts as stated
18 above is an informed and voluntary one.

20 ROBERT KATZBERG
21 Counsel for Defendant
22 Alexei Iazlovsky

12/19/12
Date

PROOF OF SERVICE BY MAILING

I am over the age of 18 and not a party to the within action. I am employed by the Office of the United States Attorney, Central District of California. My business address is 300 North Los Angeles Street, Suite 7211, Los Angeles, California 90012.

On May 16, 2013, I served

PLEA AGREEMENT FOR DEFENDANT ALEXEI IAZLOVSKY

on each person or entity name below by enclosing a copy in an envelope addressed as shown below and placing the envelope for collection and mailing on the date and at the place shown below following our ordinary office practices. I am readily familiar with the practice of this office for collection and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service in a sealed envelope with postage fully prepaid. Date of mailing: May 16, 2013

Place of mailing: Los Angeles, California

See attached list

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on: May 16, 2013, Los Angeles, California.


Barbara Le

RE: UNITED STATES OF AMERICA v. ALEXEI IAZLOVSKY

Service List

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